

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 385 - HB 419**

March 11, 2023

**SUMMARY OF BILL:** Increases, from six months to twelve months, the time period that a county, city, or town must wait to hold a referendum levying a local option sales tax after a referendum to levy a local option sales tax was initially rejected.

**FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-6-706(b)(2)(A), all counties and cities must wait six months to hold a local option sales tax referendum following an initial rejection of a similar referendum, except Shelby, Knox, and Hamilton which must wait one year.
- The proposed legislation would require all counties, cities, and towns, to wait at least one year after an initial rejection of a local option sales tax referendum before holding a similar referendum.
- In a scenario where a local option sales tax referendum is initially rejected and would be approved on a second try, the proposed legislation could create a foregone revenue from adding six additional months that must pass before a local option sales tax is enacted; however, based on information provided by the Municipal Technical Advisory Service, the passage of a local option sales tax referendum on the second try after failing initially has not occurred in any Tennessee county, city, or town. Therefore, any decrease in local revenue as a result of the proposed legislation is considered to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner, Executive Director

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